

Message Text

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PAGE 01 STOCKH 00116 120817Z
ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 AGRE-00 COME-00 TRSE-00

OMB-01 STR-04 SP-02 L-03 H-02 CIAE-00 INR-07 NSAE-00

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9501

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

UNCLAS STOCKHOLM 0116

E.O. 11652: N/A

TAGS: ETRD, EAGR, SW

SUBJECT: COFFEE PRICES

REF: STATE 4789

1. SWEDISH REGULAR GRIND COFFEE IS APPROXIMATELY THE SAME AS US DRIP GRIND. REGULAR ROASTED GRIND COMPARABLE TO US WOULD BE SPECIALLY GROUND. PRICE OF SWEDISH REGULAR GRIND WAS RAISED FROM \$3.22 PER POUND TO \$3.50 ON JANUARY 1. A FURTHER INCREASE OF 50 CENTS TO \$1 IS NOW BEING CONSIDERED. PRICES ARE NEGOTIATED BETWEEN ROASTERS AND PRICE CONTROL BOARD. BOARD'S DECISION IS NOT BINDING, BUT IS GENERALLY FOLLOWED. MARK-UP IN RETAIL ESTABLISHMENTS IS ALSO NEGOTIATED BY RETAILERS AND PRICE BOARD. MOST RECENT RISE INVOLVED A 25 CENT INCREASE IN PRICE OFFERED BY ROASTERS. REMAINING UNCLASSIFIED

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4 CENTS OF PRICE RISE WAS ACCOUNTED FOR BY RETAILERS AND VALUE ADDED TAX. IT IS NOT UNCOMMON, OF COURSE, FOR STORES TO PUT COFFEE ON SPECIAL SALE OR TO USE COFFEE AS LOSS-LEADER.

2. PRICES OF INSTANT COFFEE ARE NOT REGULATED, BUT COVER A VERY WIDE SPECTRUM ACCORDING TO SIZE OF RETAIL

CONTAINER AND BRAND. LARGEST CONTAINER --200 GRAMS--OF CHEAPEST BRAND SELLS FOR \$12.69 PER POUND. SMALLEST SIZE--50 GRAMS--AND MOST EXPENSIVE BRAND SELLS FOR \$19.50 PER POUND. AS IN THE CASE OF REGULAR GRIND, THESE ARE RECOMMENDED PRICES AND MAY BE EXCEEDED OR MARKED DOWN BY INDIVIDUAL MERCHANTS. PRICES OF OTHER BRANDS AND SIZES VARY BETWEEN EXTREMES GIVEN ABOVE.

3. SWEDISH IMPORTS OF COFFEE WERE AS FOLLOWS IN THOUSAND OF METRIC TONS:

1975 JAN/OCT 1975 JAN/OCT 1976

UNROASTED COFFEE	111	95.2	95.6
ROASTED COFFEE	0.2	0.1	0.8

IN VALUE TERMS FOR THE SAME YEARS, IN MILLIONS OF DOLLARS AND PER CAPITA CONSUMPTION FIGURES IN CURRENT PRICES IN PERCENTAGES:

1975 JAN/OCT 1975 JAN/OCT 1976

UNROASTED	\$178.4	145.8	251.1
(21.76)	(17.78)	(30.69)	

ROASTED	0.48	0.42	2.4
(0.06)	(0.05)	(0.29)	

ALTHOUGH PER CAPITA FIGURES HAVE LITTLE MEANING FOR A UNCLASSIFIED

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10 MONTH PERIOD, THEY ILLUSTRATE THE MARKED JUMP IN PRICES HERE. AS CAN BE SEEN, THERE IS LITTLE INDICATION OF HIGH PRICE ELASTICITY IN DEMAND FOR COFFEE IN SWEDEN. EXCHANGE RATE FOR 1975: \$1 EQUALS 4.15 SKR.

4. WE HAVE USED \$1 EQUAL SKR 4.12 FOR CONVERSION PURPOSES IN PARA 1, ALTHOUGH STEADY DECLINE IN DOLLAR VALUE OVER RECENT MONTHS MAKES CHOICE OF THIS EXCHANGE RATE SOMEWHAT ARBITRARY.

SMITH

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